FINANCIAL OPERATIONS OF OHIO FARMER OWNED ELEVATORS DURING THE FISCAL YEAR 1931-32

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Foreword

Ohio farmers own some 270 elevators and exchanges thru which they sell grain, buy farm supplies, and secure such services as grinding and mixing of feeds, trucking in of livestock and grain, and delivery of supplies. The Department of Rural Economics in September, 1929, issued a bulletin # picturing the status and business operations of these companies, and again in the fall of each year since has published a similar bulletin. #

The following pages constitute the fourth of the series. We regret that the pressure of other duties prevented securing data from some companies we would otherwise have included. The tables which we present are based on the following:

1. The principal balance sheet and income and expense items of 147 companies operating 178 plants.
2. Detailed analysis of expense items from 45 companies.
3. Commodity sales and margins of 45 companies.
4. Accounts receivable data month by month from 17 companies from January, 1928 to December, 1931.
5. Comparisons with data from the three preceding bulletins.

The system of grouping followed last year is continued. The continued decline in prices, however, was throwing an increasing number of elevators into lower volume classes; hence, the basis of division has been in this bulletin changed to $50,000. The first four groups are made up of companies operating a single plant each.

Group I - All such companies with volume of sales below $50,000.
Group II - All with volumes of $50,000 to $100,000.
Group III - All with volumes of $100,000 to $150,000.
Group IV - All with volumes of more than $150,000.
Group V - All companies operating two or more plants each.

Mimeographed Bulletins #21 for 1928-9, based on data from 119 companies operating 138 plants; #28 for 1929-30, on data from 144 companies operating 168 plants; #43 for 1930-31, on data from 151 companies, operating 180 plants.

Chapter I

For two years past this bulletin has commented on the price decline of the preceding year as a major factor in elevator economics. During the year 1931-32 the decline has in general been fully as drastic as in the preceding year; and too we are experiencing in some things the cumulative effects of three years of decline.

The first thing to note is the extent of the decline. For grain prices we use the Ohio farm price as given by the U. S. Department of Agriculture; on feeds we use a weighted average dairy feed price and poultry feed price as developed in the Farm Management work of this Department. Some companies will be interested in the December to December price changes, others close their fiscal year in early summer and will find the average of April, May, June figures of interest. These figures appear in Table I below:

Table I

Price Decline 1931-32, Expressed in Per Cent.

Period	Wheat	Corn	Oats	Poultry Feed	Dairy Feed
Dec. 1930 to Dec. 1931	37%	32%	35%	34%	42%
April, May, June 1931 to April, May, June 1932	37%	55%	39%	44%	33%

These figures indicate a price decline of 35% to 40% during the fiscal year in the principal commodities handled by almost any elevator company.

The same comments we made last year are still in point. The declining price level affected different situations differently, but it must at least have -

1. Reduced by 20% or more the dollar volume of sales from what it would have been on the earlier price level.
2. Reduced the inventory value. An elevator carrying a tonnage representing $10,000 at the beginning of the year would find the same tonnage representing possibly $8000 to $8500 at the end of the year.
3. Reduced the margin of profit. Many a dealer on receiving and unloading a car of goods knew that prices had already declined $1.00 to $3.00 per ton since he contracted for the goods.
4. Forced a rise in per cent of expense compared to dollars of sales. With little decline in tonnage, expense would be difficult to decrease and if dollars of sales decline e.g., 10% and expense remains constant, the per cent of expense to dollars of sales increases about one ninth.

In the analysis of any merchandising business, volume of sales is a factor of weight in nearly every stage of the analysis. The reduction in prices made such a violent change in dollar volume of business of elevators that as already indicated we use $50,000 as the range within each group instead of $75,000 as always heretofore. Average volume per group is thus not comparable with preceding years. The violence of the drop in volume can be seen however in the final averages of dollars of sales for all companies. These averages were:

1928-29	$147,382	1930-31	$146,199
1929-30	170,226	1931-32	108,347

On the plant basis the decline was from $122,000 the preceding year to $89,000 the past year.

To discover with what success the elevators of each group met the problems of such a period one may go to Table II below:

Table II

Gains and Losses of 147 Companies for the year 1931-32

Group	No. of Companies	Companies Showing gains		Companies Showing losses		Net gain of group	Average gain per Company
		No.	Total Gain	No.	Total Loss		
I	25	9	$ 7150	16	$22856	$-15706	$-628
II	54	32	68114	22	35766	32348	599
III	34	27	77293	7	21496	55797	1641
IV	14	13	41265	1	1532	39733	2838
V	20	13	65101	7	9303	55798	2790
	147	94	248924	53	70953	167971	1143

An examination of this and corresponding tables of former bulletins brings out the following:

1. Of the 147 companies 64% showed gains, 36% showed losses.
2. The 94 companies showing gains averaged $2648 gain per company; the 53 showing losses averaged $1716 loss per company.
3. As would be expected from general business conditions, and as was true of private business in general, the four years under survey show a decline in the proportion of companies making profits, from 87% in 1928-9, 80% in 1929-30, 72% in 1930-31 to 64% in 1931-32.
4. Likewise the weighted net average of profit per $100 share of stock for the entire number studied each year fell from $14.49 in the first study, thru $11.40 the next year, and $6.25 per share last year, to $4.45 per $100 share for the year 1931-32.

Table II presents the data for last year on all the companies whose figures we have. There are each year some changes in the companies whose figures we succeed in assembling. To compare at all accurately the results of different years it is necessary to have the same companies throughout. In Table III below we present the data from 121 identical companies for the past three years; each company's record appears thru the three years in the group in which it was in 1929-30.

Table III.

Net Gains of Identical Companies by Groups, 1929-30 to 1931-32.

Group	No. Companies	1929-30	1930-31	1931-32
I	24	$ 7190.28	$- 2641.96	$-6053.47
II	38	104676.62	86332.32	44112.46
III	28	139658.99	79529.33	55406.13
IV	17	79607.41	57874.79	31126.33
V	14	109041.57	25017.81	45108.51
Totals	121	440174.87	246112.29	169699.96

We note a decided downward trend in net profits - a trend which had begun in 1929-30; it shows clearly not only the effects of price declines in each year but the cumulative effect of price declines thru a series of years. The details of this decline in profits will appear in later chapters of this bulletin. It is interesting here to note that it is part of a general situation affecting practically all types of business. The National City Bank Magazine for March, 1932 gives the earnings of 900 industrial corporations with a total net worth of 17 billions of dollars. The net earnings of these companies in millions and of the elevators in thousands appear below:

	Net Earnings			Decline from 1929 in %	
	1929	1930	1931	1930	1931
900 corporations	2162	1258	592	53%	72%
121 elevator companies	440	246	169	44%	62%

Of the 900 corporations 39% suffered a net loss for the year 1931; of the elevators 37% showed a net loss, - the two figures so nearly identical as to show further evidence of similar underlying causes.

The conditions of the 147 companies as to surplus or deficit at the end of the year is shown in Table IV.

Table IV

Surplus or Deficit of Ohio Farmers' Elevators at close of Fiscal Year 1931-32

Group	No. in Group	No. with Surplus	Amount of Surplus	No. with Deficit	Amount of Deficit	Net Surplus	Av. per Company	Value of stock per $100 share
I	25	16	$ 109161	9	$ 38207	$ 70954	$ 2838	$117.22
II	54	41	520407	13	76529	445878	8220	135.12
III	34	29	479821	5	44003	435818	12818	144.55
IV	14	13	265894	1	14343	251551	17968	160.22
V	20	14	346428	6	68134	278294	13915	137.23
	147	113	1721711	34	241216	1480495	10071	138.11

The principal comments to be made regarding this table are:

1. The average value of the stock per $100 share is about $2.00 per share above that of last year, which makes it slightly higher than the values respectively in 1929 and 1930. In other words the total net earnings were slightly higher than the sum of losses and dividends and income tax paid.
2. The average value of the stock per share advances steadily with increasing volume of the respective groups; the average among the companies operating several plants is (as it was last year) almost identical with the general average.
3. An increasing number of boards are declaring the dividend of the year in time for a reserve to be set up to cover it so that the surplus as shown this year is more largely than ever before, net surplus after dividend and income tax.
4. A comparison of surpluses with those of preceding years gives the following: 1928-29, $10014 average for 119 companies; 1929-30, $10027 for 144 companies; 1930-31 $9983 for 151 companies; 1931-32 $10071 for 147 companies.

Another interesting angle from which to view the financial conditions of the elevators is that of Notes Payable outstanding. Are the companies getting worse in debt or are they paying off their notes and mortgages payable?

In 1925, Professor L. G. Foster made a study of elevator figures of the preceding fiscal year, and for many of these companies we have corresponding data for recent years. The total number of companies on which figures are on file for both 1924-5 and 1931-2 is 74; these 74 companies in the seven years had reduced Notes Payable outstanding from $946411 to $422545; i.e., they had paid off 55% of them.

One's first thought is that the reduction must have been in the prosperous years of 1924 to 1928. Not entirely so, for on 57 of these 74 companies (whose average reduction is the same per cent as that of the 74) we happen to have also the figures for 1929-30. The figures of these 57 companies show that their debt was reduced from $755,000 to $442,000 in the first four years following 1924-5 and to $334,000 in the next three. Thus they paid off $108,000 of debt in the past three years. The actual showing in debt reduction is considerably better than these figures show, however, for even a casual glance at the list of companies reveals several who have built new plants or bought additional ones, thus creating new obligations which appear in the totals given for recent years except as they too have been paid.

Chapter II

The Income of Ohio Elevators.

The tables presented thus far serve to answer certain questions regarding the past year's financial operations of the farmers' elevators and regarding their condition at its close. They are thus worthy of study. Any attempt to discover underlying causes and to lay a basis for worthwhile suggestions calls for further analysis of income and expense. This chapter will therefore deal with sources of income, and the following chapter with an analysis of expense.

Table V

Sources of Income of 147 Ohio Farmer Elevator Companies, 1931-32

Group	Sales	Trading Margin	Grinding	Other Income	Total Income	What per cent Trad. Marg. is of Total Inc.
I	$ 909,909	$ 94494	$ 28505	$ 8725	$ 131724	71.7%
II	3,925,902	416842	83597	23724	524163	79.5%
III	4,282,685	387454	78993	30924	497371	77.9%
IV	2,609,462	237021	34053	13966	285040	83.1%
V	4,199,121	390019	58432	21253	469704	83.0%
Total	15,927,079	1525830	283580	98592	1908002	80.0

As in the preceding year four-fifths of the gross income was from the margin on the goods handled. When one thinks of the amount of grinding done by elevators in Ohio last year, and the reduced volume of sales in dollars he wonders why grinding does not constitute a larger percentage of income. A little further thought suggests that grinding charges were greatly reduced - sometimes as much as a third - and this reduction of both grinding and margins keeps them in about the usual proportion.

Other income is mainly interest on notes and accounts receivable and receipts for trucking, with commissions on occasional transactions, rentals, and storage as other items.

The margins on goods handled are the respective differences between the cost of the goods and price at which the goods were sold. In most cases any freight, express, or drayage paid on goods bought is charged directly to the goods, so that cost mentioned above is generally complete cost of the goods delivered at the elevator. The examination of these trading margins is next in order, and in Table VI, one finds the data for the past year with corresponding data of earlier years.

Table VI

Group	1931-32 Sales	1931-32 Trading Margin	1931-32 Per cent of Margin	Per cent of Margin Preceding Years 1930-31	1929-30	1928-29
I	$ 909,909	$ 94494	10.4	10.6	9.4	9.5
II	3,925,902	416842	10.6	9.0	8.5	9.7
III	4,282,685	387454	9.0	8.1	7.7	9.1
IV	2,609,462	237021	9.1	6.2	6.4	7.2
V	4,199,121	390019	9.3	7.5	7.8	8.2
	15,927,079	1525830	9.6	8.2	7.7	8.7

In examining Table VI one finds

1. The usual tendency for trading margin to decline with increasing volume, but this year with less regularity than heretofore. The slightly higher margin gotten by Group II as compared with Group I is probably due to the ability to buy their larger volume more advantageously rather than it is to higher selling price.
2. The margins in every group not only higher per dollar of sales than last year but higher than in any other year in the records. This is due not to higher margins per bushel, ton or hundredweight; margins per volume handled were lower than last year on the average, but the reduction of 20 to 40% in prices (see page 2) caused even the low margin per bushel or ton to be a larger percentage of the selling price. E.g., if we assume a general price decline of 20% in commodities handled by an elevator, the 8.2¢ per dollar of sales in 1930-31 would be equivalent on a tonnage basis to 10.25¢ per dollar of sales in 1931-32, whereas the average actually was 9.6¢.

It is recognized that volume is not the only factor in trading margins. Coal, e.g., is bulky in proportion to value, and delivery and other handling costs require a high margin. Grain handled in wagon, truck, or car lots on the way to the terminal market can be handled at small expense compared even to the same grain shipped in and sold a bag or two at a time. Most of the merchandise items demand higher margins than grain. Last year's corn crop required less margins than usual, as little of it had to go thru the dryer; as a matter of fact it may often have yielded a higher margin because it did not involve the risk of losses which often occur in handling wet corn.

The detailed margins on various commodities during 1931-32 are shown in Table VII as derived by us from the figures of forty-five Ohio companies In another column appears the margins on the same commodities in 1930-31.

Table VII

Per cent of Trading Margin Received by Elevators, 1931-32

Commodity	Per cent of Margin 1931-32	1930-31	Commodity	Per cent of Margin 1931-32	1930-31
Wheat	7.3	1.7	Hdw. & Paints	3.4	
Corn	8.0	7.0	Implements	11.5	14.1
Oats	10.0	6.5	Gas & Oil	15.8	
Sundry Grains	5.2	8.3	Fertilizer	11.5	13.7
Flour & Feed	13.4	12.5	Seed	6.6	11.8
Coal	16.5	19.3	Bldg. Supplies	15.7	
Merchandise	10.9	10.9	Fence & Posts	10.4	14.5
Hay & Straw	10.7	6.9	Livestock	1.4	1.6

The figures given represent a total volume of about $5,000,000 for each of the two years. It would seem that a volume of that amount handled by 45 companies distributed over the elevator area might give us pretty reliable averages. We feel however as we stated in last year's bulletin, with shifting and steadily declining prices as prevailed thru most of the period, with managers hunting for every opportunity to make enough earnings to get by for the year without a loss, with competitive conditions more keen in some places and on some commodities than others, that averages based on even that volume and distribution are not typical for most years. They serve however to bring out the widely varying margins on different commodities; they show the wider margins on other goods in general as compared with grain and the very low margin on which livestock is always handled; they make clear that gas and oil can be handled by elevators as advantageously as other goods; and they may serve to answer other questions which various readers might ask.

As a closing topic of this chapter and an introduction to the next we examine for a few minutes the comparative gross income of 121 identical companies for the past three years. The grouping is again that of 1928-29.

Table VIII

Average Gross Income of Ohio Farmer Elevator Companies

Group	No. Companies	Gross Income per Company - all sources		
		1929-30	1930-31	1931-32
I	24	$ 6738	$ 6295	$ 5640
II	38	13110	12643	10463
III	28	19850	18300	15568
IV	17	23246	22696	19316
V	14	32006	26225	24575
Average	121	17016	15677	13564

This gross income is the grand total of items from all sources in any year, against which all operating expense and interest paid are charged; then depreciation and bad debt reserves are charged against it; the balance remaining is net profit or net earnings for the year. Thus we see that on the average each of these 121 companies approached the problem of meeting expenses in 1930-31 with $1338 less gross profits than in 1929-30; and this past year it had still less by more than $2100. In the two years gross income fell over 20% - a total of $3452 per company - and not many companies reduced expenses by anywhere nearly that amount.

Chapter III

Deductions from Gross Profit for Expense

In 1928-9, 77.5% of the total income was required to cover expenses; the next year it took 81.2% of the income. The third year of our records, 1930-31, 88.6% of income was needed to pay expense. During the past year, 86% of income was thus consumed. In other words, every year for three years saw a larger percentage of income going to expense until $8 out of each $9 went that way; this year saw a slight reduction in the ratio.

In Table IX are shown the major items which make up this expense. Here are presented the averages for each group and later we shall discuss the wide variations from the average.

Table IX

Average Expense per Company of 147 Ohio Farmer Elevator Companies, 1931-32.

Group	Ave. Sales per Co.	Expense per Company					% of Sales	
		Interest	Depreciation	Bad Debts	Oper. Expense	Total Expense	Oper. Exp.	Tot. Exp.
I	$ 36396	$378	$ 439	$185	$ 4895	$ 5897	13.4	16.2
II	72702	394	1015	289	7410	9108	10.2	12.5
III	125961	371	1390	468	10758	12987	8.6	10.3
IV	186390	615	2000	758	14149	17522	7.6	9.4
V	221006	838	2415	791	17740	21785	7.9	9.8
	108347	462	1272	420	9683	11837	8.9	10.9

We note that as usual and as to be expected, the operating expense per dollar of sales declines steadily from Group I to Group IV. When we compare the expense ratios in the last two columns with the corresponding ratios of preceding years, we find this year's expense ratios the highest experienced since we began our analysis of the records. Probably no one is surprised at this fact. The drop in volume of sales would be sufficient to account for an increase in ratio of expense to sales, for expense can seldom be reduced in proportion to declining sales volume. Furthermore, we have the added fact that dollar volume fell mainly because of price declines; elevators had the same or nearly the same tonnage to handle, as before, even tho dollar sales did decline.

In Table IX we find the average total expense to be $11836.94. Each expense dollar on the average is made up of 3.9¢ of interest paid out, 10.7¢ set up for depreciation, 3.6¢ either written off for incollectible accounts or set up as a reserve for them; and the remaining 81.8¢ of the expense dollar goes to operating expense.

The part that each item of expense contributes to the expense ratio is shown in Table X. The expense ratio is merely the per cent which expense constitutes of the sales; or to put it another way, it is the number of cents which is required out of each dollar of sales to pay expense.

Table X

Major Items of Expense in cents per dollar of sales.

Group	Interest	Depreciation	Bad Debts	Operating Expense	Total Expense
I	1.0	1.2	.5	13.4	16.2
II	.6	1.4	.4	10.2	12.5
III	.3	1.1	.4	8.5	10.3
IV	.3	1.1	.4	7.6	9.4
V	.4	1.1	.3	8.0	9.9
	.4	1.2	.4	8.9	10.9

As compared with the corresponding figures of last year, these figures are roughly 20% higher. Interest paid is an exception due in part at least to the gradual retiring of debts as shown in Chapter I.

As we said last year one of the perennial puzzles in regard to expense is the wide range of expense in different companies. It is obvious that a company handling only grain, if it does no hauling for its farmers, will have a very low expense per dollar of sales in comparison with a company which handles a wide range of merchandise, runs a grinder and mixer, collects grain and livestock from its patrons and delivers supplies to them. Yet to find some companies with three times the expense of others near them in volume of sales seems unwarranted. Granted that peculiar circumstances might justify it in a particular case, the thing to note is that the high expense is not merely in an occasional company, but in dozens of companies.

It is recognized that bad debt reserve and interest costs are dependent more on earlier history of the company than on present operations, and that some companies charge off more liberal depreciation than others, so in this part of our discussion we shall discuss only operating expense.

Last year we presented a table showing that in each volume group two to five companies (representing about 10% of the group in each case) had an operating expense of about three times that of a corresponding number of low expense operators. The same situation prevails this past year; we present in Table XI a picture of the distribution for the 147 companies, each figure given being for some company the number of cents its operating expense constitutes of each dollar of sales.

Table XI

Distribution of the Companies of each group as to Operating Expense.
Expense expressed in cents per dollar of sales.

Group I	Group II	Group III	Group IV
18.0 19.5 20.9	19.4		
16.2 16.4 16.7	16.3 17.5		
15.2 15.5 15.5			
14.0 14.5	14.1 14.6 14.9		
13.7 13.9	13.6 13.6	13.6	13.6
13.4 13.4 13.4	13.2 13.4 13.4		
12.6 12.8	12.3 12.9	12.4 12.6	
11.0 11.5	11.4 11.4 11.5 11.8	11.3 11.7 11.7	11.9
	11.1 11.1 11.4 11.4	11.1 11.2	
10.8	10.4 10.8 10.8	10.3 10.4 10.5	10.8
	10.3 10.3 10.3	10.1 10.1	
9.3 9.9	9.4 9.6 9.8 9.9	9.5 9.8 9.8	9.6
	9.1 9.3 9.3 9.4	9.0	
	9.0		
8.9	8.0 8.1 8.1 8.9		8.6 8.7
	7.5 7.5 7.6 7.8	7.7 7.7 7.9	7.4
	7.1	7.2 7.5 7.5	
	6.2 6.4 6.4 6.7	6.8 7.0 7.2	
6.0	6.0 6.2	6.6 6.7 6.8	6.7
	5.2 4.9	5.4 5.7	5.3 5.3 5.3
		5.2 5.2 5.2	5.1
			4.2 4.3
	3.9	3.5	

The 12 companies made up of the three lowest in each of the four groups had an average operating expense of 5.5¢ per dollar of sales; the 12 companies made of the three highest in each group had an average of 15.5¢, or 2.8 times the average of the 12 lowest.

Another angle from which to view expense is thru comparison of the three year record of identical companies. In Table XII below is presented such a comparison of the figures of each of the last two years with those of 1929-30. E.g., in Group I taking the dollar sales of 1929-30 as a base, the dollar sales of the two years following were respectively 90% and 66% of the sales of 1929-30. Likewise in the column of total expense, on 1929-30 figures as a base, the total expense for Group I in 1930-1 and 1931-2 were respectively 99.5% and 91.5% of the 1929-30 total expense.

Table XII

An Index of the Main Items of Elevator Expense in 1930-31 and 1931-32 on the 1929-30 figures as a Base

Group	Sales		Operating Expense		Other Charges to Income		Total Expense	
	1930-1	1931-2	1930-1	1931-2	1930-1	1931-2	1930-1	1931-2
I	90	66	99.0	90.2	101.4	96.9	99.5	91.5
II	83	61	99.7	87.6	96,0	90.0	98.9	87.8
III	88	63	101.6	93.5	101.9	83.7	101.7	91.7
IV	84	60	102.0	93.4	93.1	80.2	100.4	91.0
V	84	64	100.4	86.1	92.0	87.7	98.9	86.4
	85	62	100.7	90.1	96.6	86.6	100.0	89.5

In examining this table one is at once struck by the fact that though sales fell off in 1930-1 by 15%, operating expense did not fall at all - in fact, increased slightly and total expense remained constant. It would seem that managements "expected conditions to change", did not wake up to what was going on, or could not find places where reductions could be made. As volumes continued to decline in the next year until for 1931-2 it was less than two-thirds what it had been two years before, expense reductions were more and more in order until they constituted a 10% cut below two years before.

During the earlier of these two years there seems to be little to choose among the groups in expense reduction. By the end of the second year it is evident that the medium sized elevator had been more successful in cutting expense than had the very small or the very large company. As successful as any were those of Group V operating several plants each - perhaps an argument for operating several plants under one management.

An examination of the figures of individual companies indicates wide divergence of experience as one would expect. In 1930-1 34 companies each reduced expense by more than 5% while 54 saw their expense increase over the year before, some of them to a marked degree. The last of the three years found 67 companies with expense cut 5% or more (some of them by 15% to 25%) as compared with two years before, while only 27 of the 147 had increased expense over two years before, and half of these showed only slight increases.

The average stockholder of an elevator company thinks of expense mostly in terms of wages of employes. This is about half the expense. The distribution of the expense dollar in cents to each of the major items of expense is shown in Table XIII, as based on figures of 45 companies for the past year. The last column gives corresponding figures from last year's bulletin based on data from 50 companies.

Table XIII

Expense Charges to Various Items by 45 Ohio Elevators 1931-32.

Item	Amount	Share of Expense Dollar	
		1931-32	1930-31
Labor	$255,771	48.1¢	49.4¢
Power and Light	48,245	9.1	9.4
Insurance	27,469	5.2	5.0
Taxes	21,522	4.0	4.7
Repairs & Supplies	20,437	3.8	4.1
Truck Expense	14,809	2.8	2.7
Post., Tel. & Tel.	5,526	1.0	1.3
Advertising	6,144	1.2	1.2
Audit & Legal	2,130	.4	.4
Interest	22,723	4.3	5.5
Depreciation	62,532	11.7	10.1
Bad Debts	18,955	3.6	2.2
Miscellaneous	25,760	4.8	4.0

In fairness to auditors, the reader should understand that auditors very seldom leave as much as 4% of expense unitemized; it is merely that we have selected out the major items which appear in nearly every audit, and have put the remainder of expense under miscellaneous.

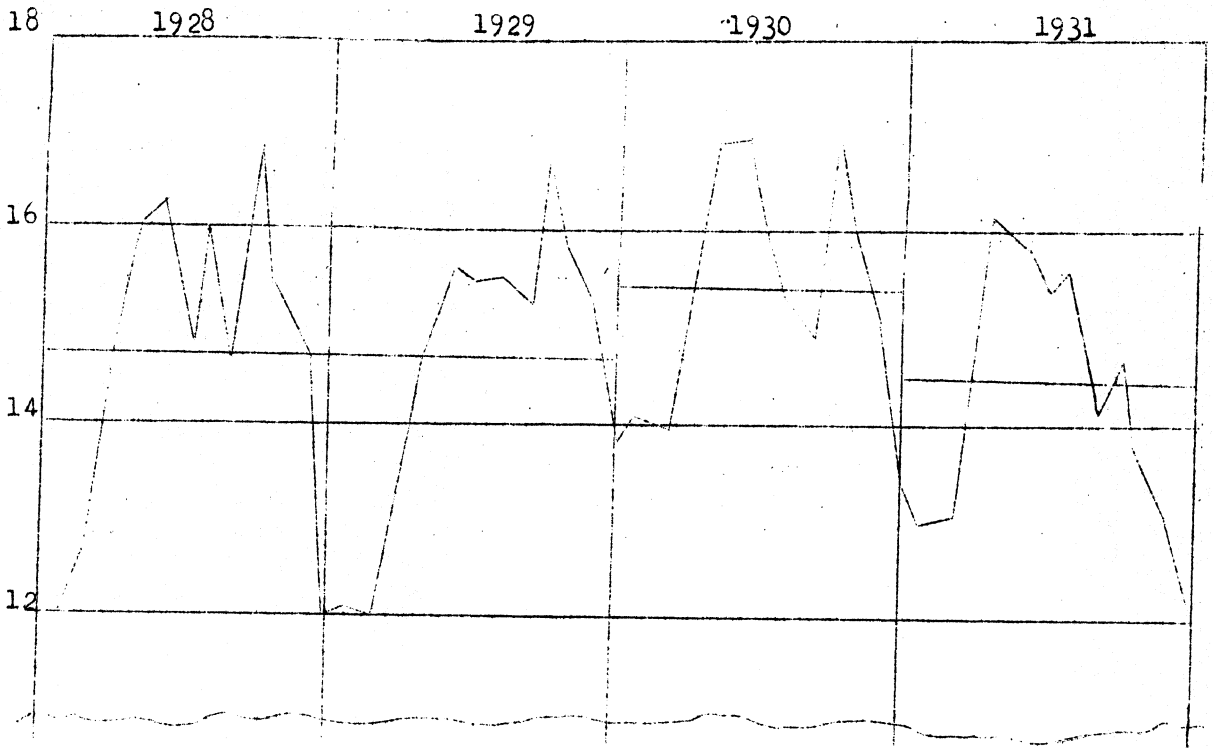
Chapter IV

The Accounts Receivable Record.

The accounts receivable problem may be no more serious to those who sell to farmers than to those who sell to city people; coal dealers frequently say their greatest worry is over accounts with villagers. Whatever might be the result of a studied comparison on this question, the fact remains that to the elevator or feed exchange, whether owned by private firm or by some group of farmers like the cooperative elevator or the Farm Bureau, the accounts receivable constitute one of its major problems, and in many cases the most serious one.

In our files are records of several companies over quite a series of years. Sixty-eight companies appear in all five columns of one table; these 68 companies showed in the four years ending 1928-9 an increase of 47% in accounts receivable outstanding. The increase in the next three years respectively was 9%, 4% and 6%.

Readers of our earlier bulletins will remember that ten companies have been giving us their accounts receivable record month by month ever since January, 1925. To secure a more complete picture, we added seven companies in 1928. The curve of monthly rise and decline of outstanding accounts for these 17 companies appears below. Thru each year's curve is drawn a horizontal line indicating the average amount outstanding for the year. The figures at the side of the chart show the number of thousands of dollars indicated at each horizontal line.



It should be noted that these companies have a somewhat larger average volume of business than the average for the state, and their receivables outstanding would be expected to be proportionately higher.

In examining this curve one notes

1. A general rise in accounts each March, April and May with usually a high peak in September.
2. A midsummer decline with the sale of wheat, and a marked decline October to December.
3. An almost identical average $14750, for the first two years, followed by an advance to $15500 in 1930.
4. The curve in 1931 was not allowed to get so high as in early summar of 1930; the big factor in the September peak is fertilizer sales, and the reduction in such sales this fall plus emphasis on collections made possible the difference in the curve for the last hali of 1931 as compared with any earlier year in the chart.
   The average outstanding for 1931 was $14420.

To come back to the general situation readers of last year's bulletin may remember we reported on 133 companies including the 68 above which showed an increase of 3%; we have records for last year and this on 144 companies and these 144 show a total increase of 3% over last year. We were curious to know whether this increase was shown by nearly all companies, or mostly by a few. We found 47 companies had decreased their receivables by more than $1000 in case of the larger companies, and oy more than 10% in case of the smaller; on the same basis 55 had suffered an increase. This leaves 42 companies as ending the year in this respect substantially as they began. There were some startling changes. Ten companies saw increases of $3000 to $7000 each in accounts outstanding. Five saw reductions of $3000 to $6000 each, so it can be done.

One hesitates as to what to say regarding the situation. Unquestionably farmers as a group are hard pressed; it is not a new situation, but one of some years duration; if any company should be lenient with the debtor it is his own company. On the other hand farmers must recognize that many companies have more on the books than the capital stock of the company, and that if they feel that the company's permanency is worth while to the community it must not be bled to death by 300 to 500 of its patrons owing it $30 to $50 apiece ($9000 to $25000 in toto)

Accounts receivable can be kept down to reasonable proportions (say $3000 to $5000) without destroying the confidence and loyalty of patrons; Hamler, Convoy, Atwater, are illustrations of the fact. It can be done without losing trade; Collins in 1931 saw its dollar volume fall only from $74000 to $73000, which means that its tonnage increased by 20% or more; during that year it reduced its receivables from $1900 to about one third that figure.